

## Message Text

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ACTION NEA-10

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FM AMEMBASSY NEW DELHI

TO USDOC WASHDC PRIORITY

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AMEMBASSY TEHRAN

C O N F I D E N T I A L NEW DELHI 16367

STATE FOR NEA/INS

FOR JOHN SANDS SPECIAL PROJECTS DIVISION

E.O. 11652:GDS

TAGS: BEXP, IN

SUBJ: KUDREMUKE PROJECT

1. MINATT SWEETWOOD MET DECEMBER 8 IN CALCUTTA WITH AC BANERJEE, DIRECTOR (TECHNICAL) STEEL AUTHORITY OF INDIA, LTD., TO DISCUSS LATEST DEVELOPMENTS ON KUDREMUKE PROJECT. BANERJEE STATED HE HAS BEEN AUTHORIZED BY GOI TO FURTHER SEEK OUR ASSISTANCE IN THE SELECTION OF INTERESTED AND QUALIFIED RPT QUALIFIED AMERICAN FIRMS. IN COURSE OF MEETING BANERJEE HANDED MINATT COPY OF LETTER MAILED DECEMBER 5 TO SEVEN COMPANIES PICKED FROM THE LIST WE PROVIDED STEEL MINISTRY SECRETARY WADUD KHAN SOME WEEKS AGO (AND WHICH WAS ENCLOSED WITH OUR A-390, 1974).

2. THE FULL TEXT OF BANERJEE'S LETTER (UNDER STEEL AUTHORITY LETTERHEAD) FOLLOWS: QUOTE NO. SAIO/DT(1)14/2, DECEMBER 5, 1974. DEAR SIR: WE ARE WRITING TO YOU ABOUT THE KUDREMUKE IRON ORE PROJECT LOCATED IN WESTERN INDIA IN THE HINTERLAND OF MANGALORE PORT. IT IS PROPOSED TO DEVELOPE A LARGE SCALE IRON ORE MINE AT KUDREMUKE FOR EXPORT OF IRON ORE CONCENTRATES. YOUR FIRM BEING ONE OF THE LEADING COMPANIES ACTIVE IN THE AREA OF IRON ORE

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MINING AND ENGINEERING WOULD PERHAPS BE AWARE OF THE

KUDREMUKH PROJECT. IN ORDER TO DEVELOPE THE MINE AND ALSO TO ENGINEER AND CONSTRUCT IT, THE KUDREMUKH PROJECT AUTHORITIES DESIRE TO ASSOCIATE FIRMS OF INTERNATIONAL REPUTE (A) TO ACT AS A MINING ASSOCIATE, AND (B) AS AN ENGINEER CONSTRUCTOR.

3. A HIGH-LEVEL TECHNICAL TEAM HAS BEEN PROGRAMED TO VISIT THE UNITED STATES AND HOLD DISCUSSIONS WITH COMPANIES WHO HAVE THE REQUISITE EXPERIENCE AND ENGINEERING CAPABILITY. IT IS IN THIS CONNECTION THAT THIS LETTER IS BEING ADDRESSED TO YOU. WE WOULD BE GLAD TO HEAR FROM YOU WETHER YOUR COMPANY WOULD BE INTERESTED IN ARRANGING FOR THE SENIOR REPRESENTATIVES OF YOUR MANAGEMENT TO MEET THIS TEAM DURING THE FORTNIGHT THEY WILL BE IN THE UNITED STATES, COMMENCING 6TH JANUARY 1975 FOR DETAILED DISCUSSIONS.

4. TWO OF OUR SENIOR TECHNICAL DIRECTORS, MR. A.C. BANERJEE, DIRECTOR (TECHNICAL), STEEL AUTHORITY OF INDIA, LTD., ALSO CHAIRMAN, METALLURGICAL & ENGINEERING CONSULTANTS (INDIA) LTD., AND MR. M.B. SILGARDO, MANAGING DIRECTOR, METALLURGICAL & ENGINEERING CONSULTANTS (INDIA) LTD., ARE SCHEDULED TO BE IN NEW YORK ON 19TH AND 20TH DECEMBER 1974. IF IT IS CONVENIENT TO YOU, WE WOULD APPRECIATE THEIR MEETING SENIOR REPRESENTATIVES OF YOUR COMPANY TO PERSONALLY INDICATE TO THEM THE SCOPE OF WORK AT KUDREMUKH SO THAT WHEN THE HIGH-LEVEL TEAM VISITS THE US IN THE FIRST HALF OF JANUARY, THEY MAY PERHAPS BE BETTER PREPARED FOR DISCUSSIONS. THIS IS OF COURSE SUBJECT TO YOUR BEING INTERESTED IN THE KUDREMUKH PROJECT, AS INDICATED ABOVE. CONSIDERING THAT THE TIME IS SHORT, WE WOULD GREATLY APPRECIATE YOUR CONFIRMING THE APPOINTMENTS WITH MESSRS. BANERJEE AND SILGARDO, C/O CONSULATE GENERAL FOR INDIA IN NEW YORK, 3 EAST 64TH ST., NEW YORK 10021, WHERE IT IS PROPOSED TO HOLD THESE MEETINGS, AND WITH A CABLE TO THE FOLLOWING ADDRESSEES--(1) CONGENDIA, NEW YORK AND (2) MINISTEEL, NEW DELHI. YOURS FAITHFULLY, FOR SETTL AUTHORITY OF INDIA LTD., A.C. BANERJEE, DIRECTOR TECHNICAL. UNQUOTE.

5. THE ABOVE LETTER HAS BEEN MAILED TO AUTHUR G. MCKEE, CONFIDENTIAL

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CLEVELAND CLIFFS IRON CO., HANNA MINING COMN KAISER STEEL, MARCONA CORP., PICKLANDS MATHA AND CO., AND US STEEL. THE GOI MAY ALSO CONTACT FLOUR-UTAH CORP., BUT WILL NOT OTHERWISE GO BEYOND THIS LIST AT THIS TIME.

6. ACTION REQUESTED: (A) FOR STATE NEA/INS - BANERJEE TOLD MINATT THAT HIS AEMBASSY IN WASHDC IS BEING INFORMED THAT WE HAVE BEEN ASKED TO ASSIST THE GOI IN THIS MATTER. PLEASE INFORMALLY NOTIFY APPROPRIATE OFFICER IN THE INDIAN

EMBASSY OF OUR INTENDED RESPONSE AND REQUEST THEIR CONCURRENCE AND COOPERATION. (B) FOR JOHN SANDS, SPECIAL PROJECTS DIVISION, USDOC. IF INDIAN EMBASSY AND STATE (NEA/INS) PERCEIVE NO OBJECTIONS PLEASE CONTACT BY TELEGRAM HIGHEST RANKING OFFICIAL POSSIBLE IN EACH OF SEVEN FIRMS LISTED ABOVE TO ALERT HIM TO THE EXISTENCE OF THIS LETTER AND ITS POSSIBLE IMPORTANCE TO HIS ORGANIZATION. EXPLAIN ROLE OF STEEL AUTHORITY OF INDIA (AS PLANNING BODY FOR KUDREMUKH AND AS THE GOI'S REPRESENTATIVE OF THE MINISTRY OF STEEL AND MINES.). URGE EARLY CABLE REPLY TO BOTH RPT BOTH TELEX ADDRESSES GIVEN IN BANERJEE'S LETTER (PARA 2). PLEASE DO NOT CONTACT OR OTHERWISE DISCUSS BANERJEE'S LETTER WITH ANY ADDITIONAL FIRMS AT THIS TIME.

7. COMMENT. THIS IS IT. THIS IS WHAT WE HAVE BEEN WORKING TOWARD ON KUDREMUKH. BANERJEE SPECIFICALLY REQUESTED THAT WE MAINTAIN CONFIDENTIAL ROLE AND ASSURED MINATT THAT GOI WILL CONTINUE TO SEEK USG USPPORT AND ASSISTANCE AS THE PROJECT MOVES INTO SUBSEQUENT STAGES. WE MUST, HOWEVER, CONTINUE TO PLAY THIS ONE CLOSE TO OUR CHEST. CERTAINLY AT LEAST THROUGH THE SECOND SERIES OF GOI/US COMPANY MEETINGS TO BE SCHEDULED IN THE US DURING JANUARY. END COMMENT. MOYNIHAN

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